

97291500

### AMENDMENT AGREEMENT

Amendment Agreement (this "Amendment Agreement") dated as of March 26, 2003 by and among TOBACCO SETTLEMENT AUTHORITY, an independent public instrumentality of the State of Washington (the "Issuer"), U.S. BANK, N.A., a national banking association, as Trustee under the Indenture as defined herein (the "Trustee"), and LEHMAN BROTHERS SPECIAL FINANCING INC., a Delaware corporation ("Lehman").

WHEREAS, the Trustee, the Issuer and Lehman are parties to a Reserve Fund Agreement, dated as of November 5, 2002, as amended and supplemented from time to time (the "Agreement"); and

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, it is hereby agreed as follows:

1. Definitions. Capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Agreement.

2. Amendment. The Trustee, the Issuer and Lehman hereby agree to amend the Agreement as follows:

(a) Exhibit A attached to the Agreement is hereby deleted and replaced with the Exhibit A attached hereto.

3. Representations. Each party represents to the other party that:

(a) it is duly organized and validly existing under the laws of the jurisdiction of its organization or incorporation;

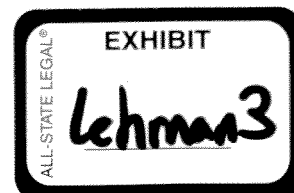
(b) it has the power to execute and deliver this Amendment Agreement and to perform its obligations under this Amendment Agreement and has taken all necessary action to authorize such execution, delivery and performance;

(c) the person signing this Amendment Agreement on its behalf is duly authorized to do so;

(d) it has obtained all governmental and other consents and authorizations that it is required to obtain in connection with its execution and delivery of this Amendment Agreement, all such consents and authorizations are in full force and effect and all conditions of any such consents and authorizations have been complied with;

(e) the execution, delivery and performance of this Amendment Agreement will not violate or conflict with any law, ordinance, charter, by-law or rule applicable to it, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;

(f) its obligations under this Amendment Agreement constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application, regardless of whether enforcement is sought in a proceeding in equity or at law);



(g) it has made its own independent decision to enter into this Amendment Agreement based upon its own judgment and upon advice from such advisors as it has deemed necessary;

(h) it is not relying on any communication (written or oral) of the other party as a recommendation to enter into this Amendment Agreement; it being understood that explanations related to the terms and conditions of this Amendment Agreement shall not be considered a recommendation to enter into this Amendment Agreement;

(i) it is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms and conditions of this Amendment Agreement;

(j) the other party is not acting as a fiduciary for or as an advisor to it in respect of this Amendment Agreement; and

(k) in the case of the Issuer and the Trustee no "event of default" or event which would with the passage of time or the giving of notice constitute an event of default has occurred and is continuing under the Indenture.

4. Agreement Ratified and Confirmed. Except as expressly amended by this Amendment Agreement, the Agreement is in all respects ratified and confirmed and the terms, provisions and conditions thereof are and shall remain in full force and effect. From and after the date hereof, all references to the Agreement shall mean the Agreement as amended by the terms hereof.

5. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflict of law principles, except that questions regarding the Authority shall be governed by the laws of the State of Washington.

6. Counterparts. This Amendment Agreement may be executed in counterparts, each of which shall be deemed an original.

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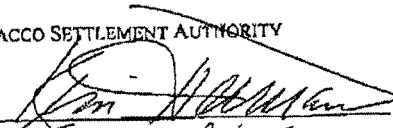
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05/30/2003 15:40 LEHMAN → 912125200394

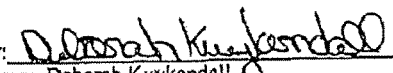
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IN WITNESS WHEREOF, the parties have executed this Amendment Agreement as of  
the date first above written.

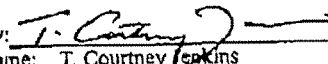
TOBACCO SETTLEMENT AUTHORITY

By:   
Name: Exec. Director  
Title: Kim Hammer

U.S. BANK, N.A., AS TRUSTEE

By:   
Name: Deborah Kuykendall  
Title: Vice President

LEHMAN BROTHERS SPECIAL FINANCING INC.

By:   
Name: T. Courtney Jenkins  
Title: Vice President

IN WITNESS WHEREOF, the parties have executed this Amendment Agreement as of  
the date first above written.

TOBACCO SETTLEMENT AUTHORITY

By: \_\_\_\_\_  
Name:  
Title:

U.S. BANK, N.A., AS TRUSTEE

By: Deborah Kuykendall  
Name: Deborah Kuykendall  
Title: Vice President

LEHMAN BROTHERS SPECIAL FINANCING INC.

By: \_\_\_\_\_  
Name: T. Courtney Jenkins  
Title: Vice President

EXHIBIT A

Deposit Date*	Bond Payment Date*	Scheduled Reserve Amount
11/05/02	06/01/03	\$45,534,106
06/01/03	12/01/03	\$45,534,106
12/01/03	06/01/04	\$45,534,106
06/01/04	12/01/04	\$45,534,106
12/01/04	06/01/05	\$45,534,106
06/01/05	12/01/05	\$45,534,106
12/01/05	06/01/06	\$45,534,106
06/01/06	12/01/06	\$45,534,106
12/01/06	06/01/07	\$45,534,106
06/01/07	12/01/07	\$45,534,106
12/01/07	06/01/08	\$45,534,106
06/01/08	12/01/08	\$45,534,106
12/01/08	06/01/09	\$45,534,106
06/01/09	12/01/09	\$45,534,106
12/01/09	06/01/10	\$45,534,106
06/01/10	12/01/10	\$45,534,106
12/01/10	06/01/11	\$45,534,106
06/01/11	12/01/11	\$45,534,106
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12/01/23	06/01/24	\$45,534,106

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12/01/28	06/01/29	\$45,534,106
06/01/29	12/01/29	\$45,534,106
12/01/29	06/01/30	\$45,534,106
06/01/30	12/01/30	\$45,534,106
12/01/30	06/01/31	\$45,534,106
06/01/31	12/01/31	\$45,534,106
12/01/31	06/01/32	\$45,534,106
06/01/32	12/01/32	\$45,534,106
12/01/32	05/28/32	\$45,534,106